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FM AMEMBASSY SARAJEVO
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RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHDC
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C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 000013

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SUBJECT: PARTIES REACH COALITION AGREEMENT

REF: SARAJEVO 00012

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Classified By: CDA Judith B. Cefkin. Reasons: 1.6 (b), (d).

SUMMARY

11. (C) On January 3 seven Bosnian political parties reached a coalition agreement breaking the deadlock on government formation and the seating of Parliament that has existed since the October 1, 2006 national elections. Coalition parties endorsed an agreement confirming Nikola Spiric (SNSD) as Prime Minister and distributing state-level ministries among parties of the three constituent peoples. Parliamentary leadership positions at the House of Representatives and, with the exception of the Croat Speaker, at the House of Peoples were also established. Although the distribution of ministries was resolved, the nomination of new ministers is still under discussion among the parties. Possible areas that may complicate USG interests include an apparent agreement awarding of the Ministry of Defense to SBiH, which could result in a politicized defense chief. This will complicate our task of keeping Bosnia moving forward on defense reform. Similarly, as a condition of joining the coalition, SBiH inserted language into the joint platform intended to downplay the March package of constitutional amendments. End summary.

12. (U) In the wake of interparty discussions hosted by the Ambassador on December 27 and 29, seven Bosnian political parties agreed to form a parliamentary majority and endorse a common coalition platform at a meeting convened on the evening of January 3 by Tri-Presidency Chairman Nebojsa Radmanovic. Parties to the coalition consist of the Party for Democratic Action (SDA), Alliance of Independent Social Democrats (SNSD), Party for Bosnia and Herzegovina (SBiH), the Croat Democratic Union (HDZ-BiH), HDZ-1990, the Party Working for Progress (RzB), and the Party of Democratic Progress (PDP). The seven parties released a joint platform communique outlining the goals and responsibilities of the new government. The agreement breaks the deadlock that has hampered attempts to establish a government and convene Parliament since the October 1 national elections.

13. (U) Coalition parties agreed on the appointment of Nikola Spiric (Serb-SNSD) to the position of Chairman of the Council of Ministers. Parties also agreed on the distribution of state-level ministries among constituent peoples as follows:

- Foreign Affairs - Bosniak (Serb deputy)
- Foreign Trade/Economic Relations - Serb (Croat deputy)

- Transportation and Communications - Croat (Serb deputy)
- Civil Affairs - Serb (Bosniak deputy)
- Security - Bosniak (Croat deputy)
- Human Rights and Refugees - Bosniak (Croat deputy)
- Justice - Croat (Bosniak deputy)
- Finance and the Treasury - Croat (Bosniak deputy)
- Defense - Bosniak (Serb and Croat deputies)

14. (C) Following the agreement on distribution of Council of Ministers portfolios among constituent peoples, parties from each ethnic group must now reach agreement among themselves on candidates to fill their assigned ministries. By law parties must forward their ministerial nominations to an ad hoc parliamentary committee for vetting and review which will then refer the names to the new Prime Minister for formal appointment. This process is likely to take up to two weeks to complete after which a government may be formally seated. Although Serb, Croat and Bosniak parties remain in negotiations on the division of ministries, a survey of party officials during the course of January 4 suggested that the assignments are likely to be distributed as follows:

Serb Parties:

15. (C) As expected, Nikola Spiric was confirmed as the new Council of Ministers Chairman. Nikola Spiric told post today that the Serb parties will not reach agreement on candidates for their designated ministries for several days. He stated, however, that SNSD will probably seek the Ministry of Foreign Trade and the party is considering awarding the Ministry of Civil Affairs to PDP in order to avoid becoming the sole Serb party responsible for state-level governance.

Bosniak parties:

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16. (C) SDA and SBiH will agree to divide the four Bosniak ministries equally between them. Sven Alkalaj (SBiH) will probably be nominated as Minister of Foreign Affairs (MFA). SDA officials confirmed to us today that Mirsad Kebo (SDA) will remain in his current position as Minister of Human Rights and Refugees. Beriz Belkic (SBiH) told us today that SDA will also receive the Ministry of Security while SBiH will nominate the Minister of Defense. In addition, SDA will be awarded deputy positions at the Ministries of Finance and Justice. SBiH will take the deputy slot at the Ministry of Civil Affairs.

Croat Parties:

17. (C) HDZ-BiH will receive the Ministries of Finance and Justice with the front runners for the seats being Dragan Vrankic, current Federation Finance Minister, and Borjana Kristo, Federation Justice Minister, respectively. Bozo Ljubic of HDZ-1990, who wanted the MFA, will become the new Minister of Transportation and Communications. RzB expects to be awarded the position of the Croat deputy to the yet undesignated SNSD Minister of Foreign Trade.

Parliament

18. (U) In addition to the ministerial assignments, the January 3 coalition agreement allowed for the formation of a parliamentary majority that will allow the state House of Representatives to reconvene with an established leadership on January 11. The role of Speaker of the House of Representatives, a position that rotates among the three constituent peoples every eight months, will be filled first by Beriz Belkic (SBiH). The two Deputy Speakers also appointed on January 3, Niko Lozancic (HZD-BiH) and Milorad Zivkovic (SNSD), will assume the position of Speaker in turn.

¶9. (U) Leadership positions in the state House of Peoples for Bosniak and Serb parties were also decided. Sulejman Tihic (SDA) will serve as Bosniak Speaker while Mladen Ivanic (PDP) will fill the role of Serb Speaker. The party affiliation of the Croat Speaker to the House of Peoples remains in question due to the unresolved division of delegates between HDZ-BiH and HDZ-1990 from Canton 7.

Coalition Platform

¶10. (C) The platform signed by the seven parties outlines broadly-defined domestic governance and foreign policy goals endorsed by the new coalition. Included in this "Program Goals" statement are the objectives of realizing reforms, including police reform, required for signing a Stabilization and Association Agreement (SAA) with the EU; passage of "constitutional solutions establishing a functional and modern Bosnia;" and ensuring "full implementation of the Dayton Accords."

¶11. (C) Although the language appears anodyne, it contains several possible problematic areas for U.S. interests. According to Sehada Kolenovic, senior advisor to SDA President Sulejman Tihic, SBiH insisted on the inclusion of the platform language on Dayton implementation as a reference to the SBiH goal of full implementation of Annex 9. Similarly the ambiguous language on constitutional reform, which eschews any mention of the March package of reforms, was the result of a compromise required to bring SBiH into the coalition, Kolenovic said.

Comment

¶12. (C) Parties were able to reach coalition agreement by drafting a very broad platform which leaves only eleven of forty-two MPs in the opposition. Although, by avoiding substantive policy issues in the coalition agreement, parties were able to build a platform that all major political parties were able to endorse, the agreement came at the expense of a more focused platform structured around concrete reform initiatives. While the prospect of the formation of a government in the near term is a welcome development, the focus on inclusiveness over substance may complicate long-term resolution of more contentious policy questions. In addition, the coalition agreement did not settle political wrangling between the two major Croat parties over the Croat

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leadership in the House of Peoples. Another area of possible concern includes the apparent agreement to award the Ministry of Defense to SBiH. Since the current Chief of the Joint Staff is a Bosniak, the decision to also award the MoD to a Bosniak party would disrupt the previous ethnic balance of Bosnia's defense leadership and risks leading to an increased politicization of defense policy. The SBiH ranks include few members with military or defense expertise raising the prospect of an unqualified or politicized Defense Minister. We will continue to weigh in with President Silajdzic and other political leaders on the importance of identifying a capable, internationally-respected professional to assume this role. End Comment.
CEFKIN